

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENDING AUTHORITY OF EXPORT-IMPORT BANK

Mr. REID. Mr. President, I ask unanimous consent that the Senate now proceed to S. 2019 introduced earlier today by Senator SARBANES.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (S. 2019) to extend the authority of the Export-Import Bank until April 30, 2002.

There being no objection, the Senate proceeded to consider the bill.

Mr. REID. Mr. President, I ask unanimous consent that the bill be read three times, passed, and the motion to reconsider be laid on the table, without intervening action or debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (S. 2019) was read the third time and passed, as follows:

S. 2019

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXTENSION OF EXPORT-IMPORT BANK.

Notwithstanding the dates specified in section 7 of the Export-Import Bank Act of 1945 (12 U.S.C. 635f) and section 1(c) of Public Law 103-428, the Export-Import Bank of the United States shall continue to exercise its functions in connection with and in furtherance of its objects and purposes through April 30, 2002.

EXPORT-IMPORT BANK REAUTHORIZATION ACT OF 2001

Mr. REID. Mr. President, I ask unanimous consent that the Senate now proceed to Calendar No. 141, S. 1372, the Export-Import Bank reauthorization.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (S. 1372) to reauthorize the Export-Import Bank of the United States.

There being no objection, the Senate proceeded to consider the bill.

Mr. SARBANES. Mr. President, I rise in support of S. 1372, the Export-Import Bank Reauthorization Act. This legislation, which was reported out of the Committee on Banking, Housing, and Urban Affairs by a 21-0 vote, would reauthorize the Export-Import Bank through September 30, 2006.

The Export-Import Bank of the United States was created in 1934 and established under its present law in 1945 to aid in financing and promoting U.S. exports. The Bank operates under a renewable charter, the Export-Import Bank Act of 1945, and was last authorized in 1997 through September 30, 2001. A short-term extension through March 31, 2002 was contained in the Foreign Operations Appropriations bill enacted last year. It is thus urgent for the Congress to act on this reauthorization in order for the Eximbank to remain open and able to assist U.S. exporters to

compete in international markets. In order to ensure that the Ex-Im Bank will be able to continue to function until this reauthorization bill is enacted, I am also seeking consent today on a short-term extension of the authorization of the Ex-Im Bank until April 30, 2002.

In my view, there are two compelling market-based reasons for the existence of the Ex-Im Bank. First, the Ex-Im Bank has a critical role to play in leveling the playing field for U.S. exporters by matching the public financing made available by foreign governments. In addition, the Ex-Im Bank provides leverage to U.S. negotiators seeking to achieve international agreements to limit the use of government export subsidies. U.S. exporters are able to compete effectively in international markets on the basis of price and quality. When foreign governments provide subsidized financing for their exporters, U.S. exporters are placed at a competitive disadvantage.

Second, emerging market economies can pose credit risks of such magnitude that commercial banks are reluctant to finance U.S. exports to those countries even though they may present extraordinary opportunities for U.S. exporters. The Ex-Im Bank has the difficult but important task of weighing the project in light of the country risk rating and determining if a guarantee should be provided for a commercial export loan that would make possible an export deal that otherwise would not occur.

For these reasons, the Export-Import Bank has traditionally enjoyed strong bipartisan support in the Congress. That support is reflected in the unanimous 21-0 vote in the Banking Committee in support of this legislation. I would like to thank Senator BAYH, Chairman of the International Trade and Finance Subcommittee, and Senator HAGEL, the Ranking Member of the Subcommittee, for their strong support and leadership on this legislation. I would also like to thank Senator GRAMM, the Ranking Member of the Banking Committee, for his cooperation in moving this important legislation forward.

There are four key issues addressed in this legislation: the term of the reauthorization of the Ex-Im Bank; the competitive challenge posed to the Bank by foreign market windows; Ex-Im Bank financing for small business; and the collection of information on the activities of foreign export credit agencies as part of the Ex-Im Bank's annual report. Following is a brief discussion of these issues, as well as a discussion of an amendment that will be offered on the floor by Senator ALLARD to establish an Inspector General for the Eximbank.

The legislation intentionally provided an authorization until September 30, 2006 in order to take the reauthorization of the Ex-Im Bank out of the Presidential election cycle. When the reauthorization of the Ex-Im Bank

falls in the first year of a President's term, it runs the risk that a new President will be taking office, as occurred last year. In that case, a new Administration must struggle not only to put in place a new Chairman of the Ex-Im Bank but also cope with providing leadership for the reauthorization of the Ex-Im Bank as well. The Banking Committee believed that it makes more sense to put the reauthorization of the Ex-Im Bank in the second year of a President's term to assure that a new Ex-Im Bank Chairman has been put in place and has been on the job with sufficient time to provide leadership for the reauthorization of the Bank.

The second issue addressed in the legislation is the competitive challenge to the Ex-Im Bank posed by foreign market windows. In hearings held in the International Trade and Finance Subcommittee last year, witnesses from industry, academia, and the Administration commented on the growing challenges to U.S. exporters posed by foreign market windows.

Market windows are government-sponsored enterprises (for example, government owned or directed financial institutions) which provide export financing at below market rates. However, the foreign governments—notably Germany and Canada—which support them claim that these enterprises are not official export credit agencies, and thus not subject to the disciplines of the OECD Arrangement. Currently, two government entities operate very active market windows. They are the German market window KfW and the Canadian market window, the Export Development Corporation (EDC). The result is that these foreign market windows can provide subsidized export financing outside the OECD Arrangement and give their exporters a competitive advantage over U.S. exporters. Also, because these foreign market windows are not subject to the OECD disciplines, there is often a transparency problem—it is difficult to find out the terms of the financing they provide.

The Ex-Im Bank Act currently authorizes the Ex-Im Bank to "provide guarantees, insurance, and extensions of credit at rates and on terms and other conditions which are fully competitive with the Government-supported rates and terms and other conditions available for the financing of exports of goods and services from the principal countries whose exporters compete with the United States." Since market windows are government-supported entities, the Ex-Im Bank views its current statute as providing Ex-Im Bank authority to match windows financing (but not to create its own market windows institutions). The Bank Committee agreed with that view. However, the Banking Committee believed it would be helpful to make this authority explicit so as to remove any question about Ex-Im Bank's authority and also to send a message to